

July 29, 2010

The Honorable Eric K. Shinseki  
Department of Veterans Affairs  
801 Vermont Avenue NW  
Washington, DC 20420

Dear Secretary Shinseki:

We have tremendous concern regarding a recent investigation by *Bloomberg Markets Magazine* which found that insurance companies may be earning a profit by withholding benefits from the families of service members who paid the ultimate price in service to our country. If accurate, this practice should be prohibited immediately.

According to the *Bloomberg* report, it appears that insurance companies are earning profits on the interest made on funds paid to the families of fallen service members through the Service Members Group Life Insurance (SGLI) program. Rather than ensuring that all of the interest earned off the \$400,000 life insurance fund is provided to the family, the funds are instead placed in a general "retained asset account." The *Bloomberg* investigation found that insurance companies earned roughly four to five percent on returns from these accounts in 2008 and 2009; the families of our service members, however, were paid substantially less. We are deeply concerned that these families are not being made aware of this fact.

Equally troubling is that these assets are not insured by the Federal Deposit Insurance Corporation (FDIC) due to the fact that they are not in a traditional depository institution. In light of lessons learned from the recent financial crisis, this is deeply troubling and could cost the families of service members hundreds of thousands of dollars in lost funds should an insurer fail.

When a service member is killed, the life of his or her family is forever altered. While nothing can replace the loss of a loved one, SGLI funds are meant to help reduce the financial strain of relocating, or paying a mortgage or college tuition. It is outrageous that insurance companies appear to be taking advantage of grieving families simply in order to make a profit, and it is an affront to the memory of their loved ones.

We appreciate the Department of Veterans Affairs announcement yesterday that it is investigating this issue. We ask that within 60 days the VA complete a comprehensive investigation into private insurance companies handling of SGLI benefits, including a full accounting of profits retained by the insurance companies and profits transmitted to the families. We also ask that the VA develop new guidelines for ensuring that all families receive in-person, comprehensive education on life insurance benefits received to help them achieve long-term financial stability.

Thank you for your attention to this urgent request and for your continued commitment to our nations' veterans. We look forward to your prompt reply.

Sincerely,

Barbara Boxer  
United States Senator

Richard Burr  
United States Senator

Charles E. Schumer  
United States Senator

Patty Murray  
United States Senator

Mark Begich  
United States Senator

Michael F. Bennet  
United States Senator

Robert P. Casey Jr.  
United States Senator

Bernard Sanders  
United States Senator

Roland W. Burris  
United States Senator